

~~Information~~

OC 12 1953

**MEMORANDUM FOR: The Honorable Robert Cutler,
Special Assistant to the President**

1. The memorandum concerning the proposed transocean cable and radio merger, transmitted by your letter of 14 September 1953, has been carefully studied. The Central Intelligence Agency has a direct and major interest in the security and dependability of communications, particularly transoceanic communications.

2. Generally, any foreign ownership or control of communications facilities which are vital to the United States presents a threat to the security and dependability of those facilities and consequently to the national defense. Similarly, any increase in control or interest by foreign business or financial circles in an American organization controlling such communications creates a potential risk. As an example, an American company faced with a business policy decision between two types of facilities required to meet competition might be informed by the Government that a certain course would promote the national interest. It would probably be inadvisable to give such information concerning the national interest if foreign elements would be in a position to benefit thereby. Various Government agencies with an interest in the field of communications do work on a classified basis with American companies, and an intermeshing of foreign interests with such companies might compromise the security information involved.

3. Accordingly, we believe it is important that the security implications of a merger be carefully studied in detail by the interested agencies prior to recommending action by the Government in connection therewith.

SIGNED

AD/C:HMMcC/KM

OGC:LRH:jeb

Rewritten by AWD:meo (12 Oct. '53)

cc: DCI (2)

AD/C w/basic

OGC

Admin Files

Allen W. Dulles

Director

DOCUMENT NO. 6

NO CHANGE IN CLASS.

☐ DECLASSIFIED

CLASS. CHANGED TO: TS - S - C 2911

NEXT REVIEW DATE:

AUTH: MPT-2

DATE: 25R26

REVIEWER:

~~SECRET~~

STAT

MEMORANDUM FOR: THE DIRECTOR

Attached is a redraft of the letter to Mr. Cutler, couched in more general terms. I believe, however, it raises the issue as clearly as General McClelland's draft. He, incidentally, also agreed to any such changes.

LRH

LAWRENCE R. HOUSTON
General Counsel

*Gen. McClelland has seen and
agrees. LRH.*

7 October 1953
(DATE)

SECRET

Security Information

**CENTRAL INTELLIGENCE AGENCY**

WASHINGTON 25, D. C.

OFFICE OF THE DIRECTOR

MEMORANDUM FOR: The Honorable Robert Cutler
Special Assistant to the President

1. The memorandum concerning the proposed transocean cable and radio merger, transmitted by your letter of 14 September 1953, has been carefully studied. The Central Intelligence Agency has a direct and major interest in the security and dependability of communications, particularly transoceanic communications.

2. Generally, any foreign ownership or control of communications facilities, ^{which are vital to the United States} presents a threat to the security and dependability of those facilities and consequently to the national defense, ~~and security~~. Similarly, any increase in control or interest by foreign business or financial circles in an American organization creates a potential risk. As an example, an American company faced with a business policy decision between two types of facilities required to meet competition might be informed by the Government that a certain course would promote the national interest. It would probably be inadvisable to give such information concerning the national interest if foreign elements would be in a position to ^{control the communication} ~~require an explanation~~. Various Government agencies with an interest in the field of communications do work on a classified basis with American companies, and an intermeshing of foreign interests with such companies might compromise the security information involved. ^{benefit nearly}

3. ^{Accordingly} ~~Without taking an unqualified stand against any merger~~, we believe it is ~~extremely~~ important that the ~~nature and~~ implications of a merger be studied in detail by the interested agencies prior to any approval of the merger or of proposed legislation in connection therewith. ^{Recommendation}

ALLEN W. DULLES
Director

SECRET

Security Information

06-3231

CONFIDENTIAL
Security Information

SEP 25 1953

MEMORANDUM FOR: Deputy Director of Central Intelligence

SUBJECT: Proposed Transocean Cable and Radio Merger

1. By Routing Slip dated 18 September 1953, you requested me to prepare comments for the DCI on an enclosure, subject as above, to a letter from the White House. My comments are contained herein and I attach a draft of a suggested reply to the letter from the White House for such use as you may care to make of it.

a. The general subject of merger of communications companies is extremely complicated and one of the most controversial Congress has had to deal with. It has been given consideration in one form or another many times in the last twenty-five years and there are many, many, thousands of pages of testimony given before Congressional committees. Congress has yet to act on the question of merger of companies handling transocean communications by radio and cable.

b. I have read through as much material as the brief time available has permitted. I note from your remark on the Routing Slip that the letter from the White House asked if CIA has an interest in the proposed merger of RCA and I. T. & T. Therefore, I recommend that the DCI avoid mentioning all of the many controversial matters except those directly affecting CIA. These are discussed below.

25X1

CONFIDENTIAL
Security Information

Page Denied

Next 1 Page(s) In Document Denied